

BANQWEST RESOURCES LIMITED

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May 31, 1982

Urango Mining Co., Inc.
File: Utah, Garfield County
Subject: Hanksville Leases
ML25282 and ML29592

State of Utah
Natural Resources & Energy -
Oil, Gas & Mining
4241 State Office Building
Salt Lake City, Utah 84114

Attention: Mr. Thomas N. Tetting
Engineering Geologist

Dear Sirs:

This letter is pursuant to my May 28th telephone call to your office. Receipt is acknowledged of your May 18, 1982 letter directed to our old office address. Please note for your records the new address shown above.

Urango Mining Co., Inc. apparently lost its right to do business in Utah because its registration in Utah lapsed when certain tax filings were not made. Some months ago we were advised that certain tax returns had not been filed and we immediately filed same; however the 1979 return was inadvertently omitted, resulting in the problem.

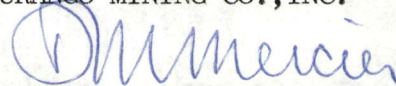
Our Denver attorney was attending to reviving the registration when your letter arrived. Since no taxes were payable (due to no income being earned) and since our attorney is actively pursuing the restoration of Urango's registration, we ask that you delay for a short while any severe proceedings.

With respect to your requirements, we understood that our mining consultants and the drilling contractors had attended to all necessary reporting and reclamation work. I have handed a copy of your letter to our consultant and await his answer upon receipt of which I will contact you.

The drilling program we believed had been filed with you was the last exploration work completed on the leases and we understand the lands were left in good condition. We will provide further comment when our consultant has communicated with us, expected shortly.

Yours very truly,

URANGO MINING CO., INC.



David M. Mercier, President

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